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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

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In the Matter of the Petition of Santel  
Communications Cooperative, Inc. for  
Suspension or Modification of 47 USC  
Section 251(b)(2) of the Communications  
Act of 1934 as Amended

Docket No. TC08-027

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DIRECT PRE-FILED TESTIMONY OF

RYAN THOMPSON

July 15, 2008

1 **Q: What is your name and address?**

2 A. My name is Ryan Thompson. My business address is 308 S Dumont Avenue,  
3 P.O. Box 67, Woonsocket, SD, 57385. My business telephone number is 605-  
4 796-4411.

5 **Q: By whom are you employed and in what capacity?**

6 A: I am the General Manager of Santel Communications Cooperative, Inc. (Santel).  
7 Santel is a rural independent local exchange carrier that provides local exchange,  
8 exchange access and other telecommunications services to 4,780 access lines  
9 within its service area, including an average of 180 “lifeline” access lines within  
10 its South Dakota service area, which includes the exchanges of Alpena, Artesian,  
11 Ethan, Forestburg, Letcher, Mount Vernon, Parkston, Tripp, Wolsey and  
12 Woonsocket.

13 **Q: Does your company have any direct points of interconnection with any**  
14 **wireless carrier?**

15 A: Yes. There is a direct connection between Santel and Alltel in Santel’s Parkston  
16 exchange. There are not existing direct connections between Santel and Verizon  
17 or any other wireless carrier.

18 **Q: How would you describe the service area and local calling area of your**  
19 **exchanges, as compared to those of the wireless carriers operating in your**  
20 **area?**

21 A: We are a small company with only ten exchanges. Our service areas are defined  
22 by the boundaries of our exchanges, and where we have physical cable plant. The  
23 wireless carriers, on the other hand, serve areas licensed by the FCC and by the

1 reach of a radio frequency transmission from a tower site, which makes their  
2 wireless local calling area much larger than our exchange boundaries. The  
3 boundary of our wireline rate centers and the local calling areas of wireless  
4 carriers serving in our area vary greatly.

5 **Q: How does Santel route calls from its subscribers' landline phones to wireless**  
6 **carrier subscribers?**

7 A: If a wireless number is local to one of Santel's calling areas or EAS areas and the  
8 wireless carrier has a direct connection to Santel, the call is routed over the trunks  
9 associated with that direct connection. Santel's Parkston wireless subscribers are  
10 served via a Nortel Networks DMS-10 remote. The Nortel remote is hosted by  
11 the Woonsocket DMS-10. For example, an Alltel wireless number that is local to  
12 the Parkston calling area would be routed over the trunks associated with Alltel's  
13 direct connection at Parkston (via the Woonsocket DMS-10 host). In all other  
14 cases, when a Santel subscriber uses his/her landline phone to call a wireless  
15 phone number, the call is routed from the subscriber's landline phone to the  
16 appropriate Santel central office switch, where it is determined to be a non-local  
17 call and is therefore switched to a toll trunk group from the Woonsocket DMS-10.  
18 The toll trunk carries the call to South Dakota Network's (SDN's) Centralized  
19 Equal Access (CEA) tandem, which is located in Sioux Falls, to be routed to the  
20 appropriate Point of Interconnection of the wireless carrier.

21 **Q: What is the number of wireless carriers authorized to serve in your**  
22 **company's service area?**

23 A: I am aware of four (4) wireless carriers that are providing service in Santel's

1 local exchange area: Verizon Wireless, Alltel, Sprint PCS and Nextel.

2 **Q: Have any subscribers requested local number portability (LNP) from your**  
3 **company?**

4 A: To my knowledge, not a single Santel subscriber has requested intermodal LNP  
5 portability from Santel.

6 **Q: Have any subscribers ever inquired whether the company could port a**  
7 **number to a VoIP provider or have any carriers requested LNP in**  
8 **connection with service to a VoIP provider?**

9 A: Not to my knowledge.

10 **Q: Has the lack of LNP had an impact on wireless service?**

11 A: Even during the past few years when Santel has had a suspension of intermodal  
12 LNP, the number of people who have wireless service has continued to grow  
13 throughout the country and in South Dakota. Therefore, I believe there has been  
14 no impact on wireless service or competition.

15 **Q: Mr. DeWitte's testimony addresses the cost of transport associated with I**  
16 **ntermodal and VoIP LNP. Are there other costs?**

17 A: Yes. Santel has not implemented LNP throughout its entire service territory, and  
18 Santel cannot perform an LNP query to determine which numbers have been  
19 ported and to which carriers. The additional costs to Santel to implement LNP are  
20 explained in Mr. DeWitte's testimony.

1 **Q: If there is no demand for intermodal LNP and Santel must incur costs to**  
2 **implement LNP, including, possibly, transport costs, why didn't you request**  
3 **a total suspension of LNP like you did before?**

4 A: For a couple of reasons. First, since the first and second LNP cases, Santel has  
5 made upgrades to some of its switches, and other cost elements associated with  
6 LNP have been reduced, such that the cost of implementing LNP (other than  
7 transport) have fallen. Second, Santel's Petition, in essence, is a compromise to  
8 the wireless carriers. Although Santel believes there is no demand for intermodal  
9 LNP, some wireless carriers apparently feel it is useful to their business. Rather  
10 than ask for a total suspension, Santel will incur the cost of implementing LNP.  
11 Santel merely asks that it not be required to pay for transport.

12 **Q: Are there other reasons you filed this Petition?**

13 A: Yes. Even though to my knowledge there are four wireless carriers authorized to  
14 serve in Santel's service area, only two are actively operating and soliciting  
15 customers, and any licensed carrier could start operations at any time. As a result  
16 of the latest FCC decision, Santel may be required to provide LNP in connection  
17 with service to VoIP providers. At this time, Santel does not know who or how  
18 many VoIP providers may be involved. Santel has no arrangements in place that  
19 would allow for the transport of traffic to numbers ported from Santel to any of  
20 these entities. Further, because Santel has no arrangements with these carriers, it  
21 cannot transport traffic to numbers ported from Verizon, Alltel, Sprint, or Nextel  
22 to any other of these entities.

1 **Q: Why do you believe it is appropriate for the wireless carriers to pay for the**  
2 **cost of transport?**

3 A: Because, in the first instance, it is the wireless carrier who makes the decision  
4 whether to pursue direct or indirect connection with the ILEC. It also is the  
5 wireless carrier that, in the first instance, either pursues a point of interconnection  
6 within the LEC's service territory or not. Further, it appears to be the position of  
7 Alltel and Verizon that the point of interconnection and direct versus indirect  
8 interconnection is within their discretion, although Santel does not agree with this  
9 position. Therefore, whether there will be any cost of transport and what the  
10 transport cost will be is largely controlled, at least in the first instance, by the  
11 wireless carriers.

12 For example, Mr. DeWitte's exhibits concerning the cost of transport are based on  
13 transporting traffic to Sioux Falls. It is my understanding, however, that Sprint  
14 and Alltel have said they have the right to require the transport of traffic to any  
15 point in the LATA, which is almost any point in South Dakota. If wireless  
16 carriers should some day decide that it makes more sense for their traffic to go to  
17 some other point in the LATA, the cost of transport could be a lot more than what  
18 Mr. DeWitte modeled. And, if they make that decision for their own business  
19 purposes, they should be willing to pay for it.

20 **Q: Does the recently announced merger between Alltel and Verizon have any**  
21 **impact on this proceeding and the transport?**

22 A: Yes. This merger most likely will impact the cost of transport. Verizon and  
23 Alltel currently operate as two separate entities in Santel's service area. If one of

1 the operations is sold as a result of the merger, then the new carrier may  
2 interconnect with Santel in a different manner or at a different location, which  
3 would impact the cost of transport. Also, the newly merged Verizon and Alltel  
4 could decide to interconnect differently. As the Verizon/Alltel merger is expected  
5 to close by December 31, 2008, it may make sense to continue the total  
6 suspension of intermodal LNP until after the merger.

7 **Q: What will be the impact on Santel and its customers if its Petition is not**  
8 **granted?**

9 A: Santel is a small rural company with a small customer base. As stated,  
10 implementing LNP will impose costs on Santel and its subscribers. The cost of  
11 paying for transport will impose an additional burden on Santel and its  
12 subscribers. We have few economies of scale; the cost of transport is substantial;  
13 and our subscribers have not requested this service. There is little, if any, demand  
14 for intermodal or VoIP LNP in our service area. Little or no demand means that  
15 the cost of transport imposes a significant adverse economic impact on users and  
16 an unduly economically burdensome requirement on the company and  
17 subscribers. Further, the vast majority of our customers will have to pay for those  
18 few, if any, who decide to port their numbers. It is a very poor bargain for the  
19 majority of our customers.

20 **Q: Do you expect the implementation of LNP to result in an increase in**  
21 **customer's rates?**

22 A: It is not known at this time whether Santel will impose an LNP surcharge on its  
23 subscribers to recover the costs of implementing LNP, other than transport. With

1 respect to the cost of transport, it is my understanding that Santel may not be  
2 allowed to recover the costs associated with transport of ported calls through the  
3 LNP surcharge. To the extent this is correct, Santel may be forced to increase  
4 local rates or curtail services or investment in the network. For example, its  
5 investment in broadband or other network improvements and in the services it is  
6 able to provide to customers may be delayed or reduced. If the cost of transport is  
7 recovered through local rate increases, some segment of subscribers may  
8 discontinue service or decrease the number of lines to which they subscribe,  
9 which would further increase the per-subscriber cost of transport.

10 **Q: What do you expect the general reaction of your customers to be if there are**  
11 **new LNP charges or rate increases associated with LNP and transport costs?**

12 A: I would expect the reaction to be negative. Since the vast majority of our  
13 customers will gain no benefit from intermodal LNP or VoIP LNP, I expect  
14 strong protests if they must pay a cost for a service they do not want and for  
15 which they receive no benefit. Many of our customers are elderly, and they will  
16 be especially hard hit. For these reasons, our Board of Directors has been very  
17 supportive of our efforts to obtain a suspension or modification of the LNP rules.

18 **Q: Does intermodal and VoIP LNP impose any other burdens on the company**  
19 **and subscribers?**

20 A: Yes. Wireline to wireless porting under current routing protocols would impose  
21 an unduly economically burdensome requirement by making the network less  
22 efficient and by confusing customers. Currently, for calls from a subscriber of  
23 Santel to a wireless carrier, Santel does not carry local traffic to a point of



1 interconnection beyond Santel's local calling area (or EAS area). Therefore, if  
2 intermodal LNP is implemented before the transport issue has been resolved with  
3 all wireless carriers, end users who continue to dial a ported number on a seven-  
4 digit basis may receive a message that the call cannot be completed as dialed, or a  
5 message instructing the party to redial using 1+ the area code. Thus, callers  
6 would have to dial twice, with the resulting network use, to place one call. It  
7 appears these issues also may be associated with calls to numbers ported to VoIP  
8 providers.

9 **Q: As Santel is not LNP capable, can Santel correctly route calls to a number**  
10 **ported from one wireless carrier to another?**

11 A: No.

12 **Q: In your Petition, you stated Santel would contact wireless carriers and**  
13 **attempt to negotiate a resolution of routing and transport issues. Has Santel**  
14 **done so?**

15 A: Yes. Santel has contacted intervening wireless carriers and attempted to negotiate  
16 a solution to the transport/routing issues. The parties have not yet been successful  
17 in negotiating a settlement, but Santel is committed to continue negotiations with  
18 wireless carriers to reach a resolution of these outstanding issues.

19 **Q: Does this conclude your direct testimony?**

20 A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct  
21 testimony at or before the hearing if I receive additional information pertaining to  
22 the issues I presented herein.

**Certificate of Service**

The undersigned, attorney for Petitioner hereby certifies that a true and correct copy of Pre-filed Testimony of Ryan Thompson and Pre-filed Testimony and Confidential Exhibits of John De Witte was sent electronically on this 15th day of July, 2008, upon:

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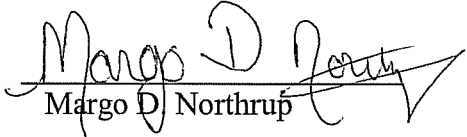
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